

**IN THE UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In Re:	:	Case No:
	:	
Fair Finance Company	:	Judge Marilyn Shea-Stonum
d/b/a Fair Financial Services	:	
	:	Chapter 7
Debtor	:	

EMERGENCY MOTION TO APPOINT INTERIM TRUSTEE

Now come the Petitioning Creditors, Movant, by and through their attorneys, David Mucklow and Michael Moran in support of this Emergency Motion to Appoint Interim Trustee and state as follows:

FACTUAL MATTERS

1. David Mucklow and Michael Moran represent approximately one hundred unsecured creditors holding investment certificates or notes with Fair Finance Company doing business as Fair Financial Services exceeding six million dollars (\$6,000,000) in total value of which 1.5 million dollars (\$1,500,000) has matured and over one hundred thousand dollars (\$100,000) in interest is currently due and owing.
2. During November, 2009, the Federal Bureau of Investigation (FBI) entered the premises of Fair Finance Company and other affiliated companies and seized computers and records causing Fair Finance Company to close its doors to the general public.
3. Although Fair Finance Company's website is accessible on the internet, its telephone numbers have two basic messages as of February 7, 2010 for investors at (800) 735-3247: "Due to recent events we have been closed since Thanksgiving holiday. We've received and reinstalled out computer operating systems and are in the process of making them fully

functional. Further, we are anxiously awaiting return of our documents that were removed from our facility. Currently we are not issuing new certificates.” At (800) 228-8009: “Our offices are closed. If you have a question regarding your 1099 for 2009 please leave a message and we will get back to you.” The offices of Fair Finance Company are not open to the general public and only messages can be left.

4. Although it is not currently possible to ascertain the total number of investment certificate holders, it is believed Movant represents less than five percent of the value of outstanding certificate holders and that the total value of outstanding certificates is in the hundreds of millions.

5. Fair Finance Company had been in operation since 1934 and was purchased by two Indiana businessmen in 2002, Mr. James Cochran and Mr. Timothy Durham utilizing a newly organized entity, Fair Holdings, LLC to serve as the sole shareholder of Fair Finance Company. It operated approximately eight locations in Northeast Ohio and is headquartered at 815 E. Market Street, Akron, Ohio 44305. All investors were required to be Ohio residents.

6. Pursuant to its recent circulars and other public records, Fair Finance Company’s certificate holder’s or investor’s funds flowed from the Debtor to Fair Holdings LLC, an Ohio Company, and DC Investments, LLC, an Indiana Company and then from these companies approximately one hundred and seventy six million dollars (\$176,000,000) in funds were lent to Mr. Cochran and Mr. Durham, personally, to companies that they either controlled or were part owners or directors (insider loans), and to other companies (non-consumer loans) and used to fund consumer loans (consumer loans) for a total of two hundred and twenty million dollars (\$220,000,000) in total loan receivables, inclusive of the insider loans. An unaudited

consolidated balance sheet dated September 30, 2009 is attached as Exhibit 1 and made a part hereof. An unaudited consolidated balance sheet and income statement for Fair Finance Inc. and subsidiary is attached as Exhibit 2 and made a part hereof. Exhibit 1 and 2 are public records filed with the Ohio Division of Securities. Records indicate that Mr. Durham was director of all three major entities. As many as fifty insider companies may be involved, and loans were made throughout the United States and Canada from Fair Finance Company investor's funds. There were no insider loans prior to 2002 according to public records.

7. On October 30, 2009, Fair Finance Company registered to circulate an additional two hundred and fifty million dollars (\$250,000,000) in investment certificates.

8 The Ohio Division of Securities under the Ohio Department of Commerce responded to the offering of October 30, 2009 with a seven page registration letter dated December 3, 2009, a copy of which is attached as Exhibit 3 and made a part hereof. The Division requested it receive certain financial documentation by December 11, 2009, including current audited consolidated financial statements of the entities through September 30, 2009 and current audited financial statements for obligors owing significant debt to Fair Finance Company and Fair Holdings, LLC. On December 11, 2009, Fair Finance Company through counsel responded that it could not respond to the Ohio Division of Securities due to the FBI's seizure of documentation and requested an extension of time. Subsequently, the offering was withdrawn from consideration.

LEGAL ISSUES

9. Section 303 of the United States Bankruptcy Code authorizes an involuntary bankruptcy case to be filed by three or more entities, each of which is either a holder of a claim against such person that is not contingent as to liability or the subject of a bona fide

dispute as to liability or amount, if such noncontingent, undisputed claims aggregate at least \$13,475. Petitioning creditors or Movant hold matured certificates exceeding that amount.

10. Demand on said notes is hereby made as it is currently impossible to redeem any certificates.

11. Pursuant to Section 303(g) after commencement of the case, upon request of a party in interest and after notice and a hearing: “if necessary to preserve the property of the estate or to prevent loss to the estate, may order the United States trustee to appoint an interim trustee under section 701 of this title to take possession of the property of the estate and to operate any business of the debtor.”

12. The debtor has not reopened its doors to the general public since seizure of its records by the FBI during November, 2009. Meanwhile, millions of dollars in certificates have matured and significant amounts of interest have not been paid to investors. Many of the certificate holders depended upon the interest to live and pay bills. Many certificate holders invested all of their savings, and many, if not most, are senior citizens. One of the petitioners attempted to redeem \$100,000 in certificates prior to the closing of Fair Finance Company and was refused by management to redeem and had been allowed to invest in excess of the limitations reflected in circulars. Public records reflect that unusually large amounts of investor’s funds were used for insider loans, including personal loans to Mr. Durham and Mr. Cochran. In light of recent events, neither the Debtor nor its owners can be trusted to run the business of the Debtor, and the situation requires the appointment of an interim trustee to take possession of property and to operate the business of the debtor in order to protect and preserve the assets of the Debtor for the benefit of creditors.

WHEREFORE, Movant prays for an order appointing an order directing the United States Trustee to appoint an interim trustee.

/s/David Mucklow

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CERTIFICATE OF SERVICE

I certify on this 8th day of February, 2009 a true and correct copy of the foregoing was served electronically to the following:

U.S. Trustee, electronically

Deposited into U.S. Mail on 8th day of February, 2009

KEITH E. SCHAFFTER, S.A.
815 East Market Street
Akron, OH 44305

KEITH E. SCHAFFTER, S.A.
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Wadsworth, OH 44281

Fair Holdings Inc.
c/o Joseph Hennigin, S.A.
123 Hunt Club Dr., 1A
Copley, OH 44321

DC Investments, LLC
111 Monument Circle
Suite 4800
Indianapolis, IN 46204

Timothy S. Durham
14353 E. 113th Street
Fortville, IN 46040

James F. Cochran
13483 Marjac Way
McCordsville, IN 46055

By hand delivery to be attempted on the 8th day of February, 2009
Keith E. Schaffter

/s/David A. Mucklow
David A. Mucklow (#0072875)